

Pathways to Social and Economic Inclusion:  
An evaluation of the  
Financial Advocacy and Problem-Solving (FAPS) Program

*Final draft*

United Way Toronto

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Resources for Results

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## Executive Summary

The Financial Advocacy and Problem-solving (FAPS) model<sup>1</sup> is a multi-faceted community initiative in Toronto designed to address gaps in the services and systems that support the financial interests of people living in poverty. FAPS services are delivered by four organizations in partnership with United Way Toronto (UWT) including: Toronto Neighbourhood Centres (TNC); St. Christopher House (SCH), which serves the downtown west side of Toronto; Jane Finch Community and Family Centre (JFCFC), which serves Toronto's north west inner-suburbs; and, Agincourt Community Services Association (ACSA), which serves Scarborough's north east inner-suburbs. The initiative received five-year funding of over \$1 million from UWT and TD Bank in 2011 as a part of the United Way Toronto Financial Literacy Strategy.

The FAPS model is grounded in a social justice approach to support the financial stability of marginalized people, with several inter-related components including direct service delivery, public education and policy advocacy. This report focuses on the service delivery component of the FAPS model, the front-line financial advocacy and problem-solving services that are delivered by FAPS Community Financial Workers (CFWs) and anchored by the three community agency partners. CFWs offer free, confidential, one-to-one financial advocacy and problem-solving services on a case management basis to people living in poverty in Toronto's highly diverse inner-suburban and inner-city neighbourhoods. These front-line financial advocacy and problem-solving services focus on building financial knowledge and empowering participants to take more control over their finances with the long-term goal of increasing participants' income security, stability, and life prospects.<sup>2</sup> In 2013, CFWs served a combined total of 1625 participants.<sup>3</sup>

## Methodology

In the spring of 2012, UWT contracted the evaluation firm *Resources for Results* to conduct an evaluation of the Community Financial Worker component of FAPS. The evaluation explored seven key questions:

1. Who participates in the financial advocacy and problem-solving initiative?
2. What is the state of participants' finances?
3. What is the scope and nature of the FAPS Intervention?
4. What difference did one-to-one financial problem-solving and advocacy make in participants' lives?
5. What was learned about the outcomes of the FAPS intervention?
6. What has been learned about effective practice in financial advocacy and problem-solving?
7. Why does financial advocacy and problem-solving matter?

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<sup>1</sup> A full overview of FAPS is offered in a companion paper: *The FAPS Model*. (forthcoming 2014)

<sup>2</sup> FAPS goal is paraphrased from FAPS Theory of Change documents (Spring 2012).

<sup>3</sup> 1625 people participated in one-to-one financial advocacy and problem-solving services at all three sites in 2013 according to aggregate reporting from TNC.

The evaluation was implemented between September 2012 and October 2013 and employed a mixed-method approach including: pre-post participant outcome surveys with new FAPS participants (N=78); on-line staff documentation of CFW interventions with each of the survey respondents (N=112); program observation and staff consultation; and, interviews with ten participants from the sample population.

The evaluation has a number of limitations. First, the planned target of one hundred completed pre-post surveys could not be reached due to various issues facing many participants, which in turn limited the kinds of statistical analysis that could be performed. Second, while the intention was to collect data randomly from every fourth new FAPS participant, staff periodically needed to exempt people with severe mental health conditions from participating for fear it might trigger a previous trauma, which may skew some results. Finally, the evaluation explored only one year of participants' work with CFWs, which may not capture the full impact of participants' ongoing relationship with FAPS. Furthermore, this evaluation cannot comment on whether the outcomes achieved through FAPS will sustain or change overtime. This is a challenge with many existing financial literacy study designs and more longitudinal research will be beneficial to the field.

### **Evaluation findings: Who participates in FAPS? A snap shot of the study participants**

The FAPS population is very diverse, cutting across many cultures and age groups. Overall 112 individuals completed the pre-surveys. Our sample included more females than males, and just over half of study participants were born outside of Canada, although few had arrived within the past five years. Study participants tend to have low levels of educational attainment and the vast majority of them had extremely low household incomes: 79.4% were on some form of social assistance and 46.4% earned less than \$10,000 annually.<sup>4</sup> Two-thirds of sample participants had no savings and interviewees reported that they often have to go into debt to feed their families and make ends meet. Over three quarters (78.2%) had debts, and 58% noted that during the past year they had been late by a month or more in paying a bill.<sup>5</sup>

Most interviewees talked about the anxiety that money creates in their lives, and how overwhelmed they felt when they first came to FAPS. Almost a third of sample participants (29%) did not budget their money, citing their lack of money as the main reason. While 86.6% reported using a bank or credit union, the interview data suggests that many participants are under-banked, or are not using these accounts. Eighteen percent of participants had not filed their taxes last year, and therefore had not accessed key income entitlements that are disbursed through tax filing.

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<sup>4</sup> Please note that these numbers are drawn from sections 4 and 5 of the paper.

<sup>5</sup> Reference: Data Set 2 (N=112) – Tab 22 – Type of Debts and Data Set 1 (N=112) – Tab 19 – Late Payments.

## Evaluation Outcomes: What difference did FAPS make in participants' lives?

The evaluation revealed that relatively brief, one-to-one, financial advocacy and problem-solving interventions<sup>6</sup> do achieve beneficial outcomes in the lives of participants and their families. The evidence has contributed to a stronger understanding of the dynamics of how FAPS participant outcomes are cultivated and developed, suggesting that CFWs pursue three complementary pathways to engage participants:

- 1) Stabilizing: supporting participants to reduce financial distress;
- 2) Coping: enabling participants to make ends meet on low income;
- 3) Sustaining: supporting participants to build a financial foundation for social and economic inclusion and long-term financial security.

These pathways offer a framework for capturing the outcomes documented by the evaluation. They are not necessarily sequenced in a linear fashion and each participant may not need to work through all of the pathways. Outcomes within each pathway are summarized here, and all outcomes are provided in Figure B at the end of the Executive Summary.

### ***Outcomes for Pathway One (Stabilizing): Reducing financial distress.***

FAPS participants gain access to reliable information and referrals about money-related matters. CFWs conduct an immediate triage to identify issues and priorities that will lead to action-oriented problem-solving and relieve financial distress. People who have 'fallen through the cracks' of the social assistance system are rapidly linked to income-boosting entitlements. The data reveals small but important changes in participants' material situation: this new money immediately decreases participants' financial distress, increases the stability of their living situation, and reduces financial vulnerability.

*"She [the CFW] breaks it down and makes it manageable. When you come, you are overwhelmed. She gave me a structure to process all the information and it is now up to me. It is all about learning. How do you take all the things that they show you and use them? ... But I did it and that's a good thing."*  
(Interviewee)

These are the key findings about the outcomes of Pathway 1:

- Staff and interviewees observed that many participants came to FAPS with misconceptions about their rights, entitlements and financial interests. They benefitted from quality, up-to-date information and accurate money-related referrals.
- Interview data revealed the importance of action-oriented problem solving practice with clients, and suggested a connection between problem solving practice and the increase of financial knowledge, practical money skills, and clients' readiness and motivation to deal with their financial situations.

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<sup>6</sup> FAPS interventions consist on average of two meetings of less than two hours, plus some follow-up work by staff.

- Staff reported that 84% of the sample had accessed unforeseen entitlements with the help of FAPS.<sup>7</sup>
- Interviews revealed that participants began to understand their overall financial situation, identifying priorities and planning practical steps that addressed their financial problems quickly. They felt less intimidated, less ‘stuck’ and less stressed as a result of their participation.
- Participants adopted new ideas and practices through role modeling the work of CFWs, such as: learning how to look things up on the web, making telephone calls, filling in forms, and writing letters to creditors and government.

***Outcomes for Pathway Two (Coping): Promoting family well-being on insufficient incomes.***

Many participants learn and practice coping strategies and behaviours that increase their ability to make ends meet. There is evidence that participants are a little better off as a result of changes in their money management and consumer behaviour. They are stretching their existing money to improve family well-being. There is also evidence that the FAPS intervention reduces financial stress contributing to broader social determinants of health. Nevertheless, people continue to experience serious financial stress; they simply don’t have enough money to live stable, secure lives. This fact underlines the importance of FAPS’ policy and advocacy work (not evaluated in this report) to enhance the options and protections available to low-income consumers.

*“In my case, I learned that all is not as desperate as it seemed after coming here [to FAPS] – knowing that there are people who want to help and are available. There is always a way to solve a problem. Now I believe that I am well enough of mind and healthy enough that I can face a problem rather than ignore it.” (Interviewee)*

These are the key findings about the outcomes of Pathway 2:

- The pre-post analysis indicates that participants were more likely to keep track of their spending, with 65% of participants in the post-survey saying that they ‘usually’ or ‘always’ ‘*keep track of my spending*’ – compared to 53% at pre-survey.<sup>8</sup>
- Participants increased their confidence in dealing with their finances; there was a 40% increase in participants who reported that they ‘usually’ or ‘always’ ‘*feel confident managing my money*’.<sup>9</sup>

<sup>7</sup> Reference: Data Set 2 (N=112) – Tab 11 – Immediate Results.

<sup>8</sup>Reference: Data Set 3 (N=78) – Tab 7 – Pre-Post-Likert Scores. ‘*I keep track of my spending and income*’: pre-score =2.51 and post-score =2.86 – for a difference of 0.55. This change was found to be approaching statistical significance using a *Wilcoxon Signed Ranks Test*, a non-parametric test for individual items in a Likert scale. (Z score=-1.919 and Asymp. Sig. (2 tailed) =.055).

<sup>9</sup> Reference: Data Set 3 (N=78) – Tab 7 – Pre-Post-Likert Scores. ‘*I feel confident managing my money*’: pre-score =2.25 and post-score=2.75 – for a difference of 0.49. This change was found to be statistically significant using a *Wilcoxon Signed Ranks Test*, a non-parametric test for individual items in a Likert scale. (Z score=-3.411 and Asymp. Sig. (2 tailed) =.001).

- At the time of the post-survey, participants reported a reduction in stress levels as a result of their participation in the program: 59% had seen their stress levels go down ‘a little’ or ‘a lot’.<sup>10</sup>
- They also adopted new non-financial behaviours that supported financial capability, such as problem-solving and self-advocacy. At the post-survey, there was a 28% increase in number of participants who indicated being ‘usually’ or ‘always’ ‘good at standing up for myself to get the benefits that I am entitled to.’<sup>11</sup>
- Participants felt more control in their lives and were better able to make decisions and manage their money. At the post-survey there was a 65% growth of participants who said that they ‘usually’ or ‘always’ ‘feel in control of my finances’.<sup>12</sup>
- Women interviewees reported that they were engaging more in managing household money, and that they had begun teaching their children about saving and banking.

### ***Outcomes for Pathway three (Sustaining): Building a foundation for financial security and engagement***

The work of FAPS begins to clear financial barriers to progress in other areas of participants’ lives. Once financial problems are resolved, participants begin to shift into ‘future mode’: they begin to be more capable of independently managing and planning their finances. Many are managing and paying down debt. A smaller group of participants have begun to sort out highly complex, long-standing financial problems involving issues like unpaid back taxes and child support payments. Money is a part of many aspects of life; the interviews confirmed that some participants are building a platform of financial security and stability that supports them to pursue new opportunities and enhance their life prospects. They are increasingly engaged in their communities.

*“I felt like a slave before – working. Now, this is my money and I know how to save it. I have more control over it.”* (Interviewee)

*“I feel like it’s going to look up even though things are hard right now. By next year, I plan to finish my degree. I’ll go back to school (University) over the summertime. Then I hope to get a full-time job.”* (Interviewee)

These are the key findings about the outcomes of Pathway 3:

- Participants increased their financial capability, practicing new financial management skills and behaviours and deepening their motivation and confidence.

<sup>10</sup> Reference: Data Set 3 (N=78) – Tab 28 – Stress.

<sup>11</sup> Reference: Data Set 3 (N=78) – Tab 7 –Pre-Post-Likert Scores. ‘I am good at standing up for myself to get the income and benefits I am entitled to’: pre-score =2.61 and post-score=2.88 – for a difference of 0.27. This change was found to be statistically significant using a *Wilcoxon Signed Ranks Test*, a non-parametric test for individual items in a Likert scale. (Z score=-2.089 and Asymp. Sig. (2 tailed) =.037).

<sup>12</sup> Reference: Data Set 3 (N=78) – Tab 7 – Pre-Post-Likert Scores. ‘I feel in control of my finances’: pre-score =2.32 and post-score=2.79 – for a difference of 0.47. This change was found to be statistically significant using a *Wilcoxon Signed Ranks Test*, a non-parametric test for individual items in a Likert scale. (Z score=-3.082 and Asymp. Sig. (2 tailed) =.002).

- Staff observed that *‘a sense of increased hope and reduced fear’* had been a key outcome for 21% of their participants.<sup>13</sup>
- Staff observed that a *‘shift to future mode’* had been a key outcome for 12% of their participants.<sup>14</sup>
- Participants found the task of saving money on low income very difficult, managing to increase their savings only a little. Nevertheless, interviewees made it clear that a small amount of additional money can make an important difference to their well-being.
- Three quarters of the sample participants who had debts had taken steps to manage their debt with the assistance of FAPS.<sup>15</sup> More than a quarter (26%) indicated that their debt levels had *‘gone DOWN a little’*; and, five (6%) that their debt levels had *‘gone DOWN a lot’* by the time of the post-survey. Nevertheless, debt persists as a serious problem.

## Key Evaluation Insights

### ***The outcomes of the early stage FAPS interventions can be better understood when FAPS is viewed as strategy to promote social and economic inclusion***

While a financial focus is central to the FAPS intervention, the outcomes can be best understood when viewed through a social inclusion<sup>16</sup> lens. The three FAPS pathways create a range of poverty reduction and social inclusion effects over the short- and longer-term. FAPS interventions enhance participants’ financial stability, and participants achieved modest savings increases and debt reduction during the first year of the FAPS intervention. However, FAPS also helps participants to cope with life on very low incomes, to alleviate the effects of poverty, and to promote improved well-being.

### ***FAPS offers a set of promising financial practices that promote poverty alleviation***

The three pathways (see Figure A below) provide a set of promising practices that collectively form a foundation-building strategy for financial capability and social inclusion. The early stages of the FAPS relationship focus on promoting the *‘conditions for participation,’* in which CFWs employ a directive counselling approach to ensure participants have access to basic needs and income security. As the process continues, CFWs move towards a case-based, coaching approach that promotes participants’ personal *‘capacity to participate,’* enhancing their ability to cope on low incomes and engaging them to identify their own goals and independently work through their own financial priorities.

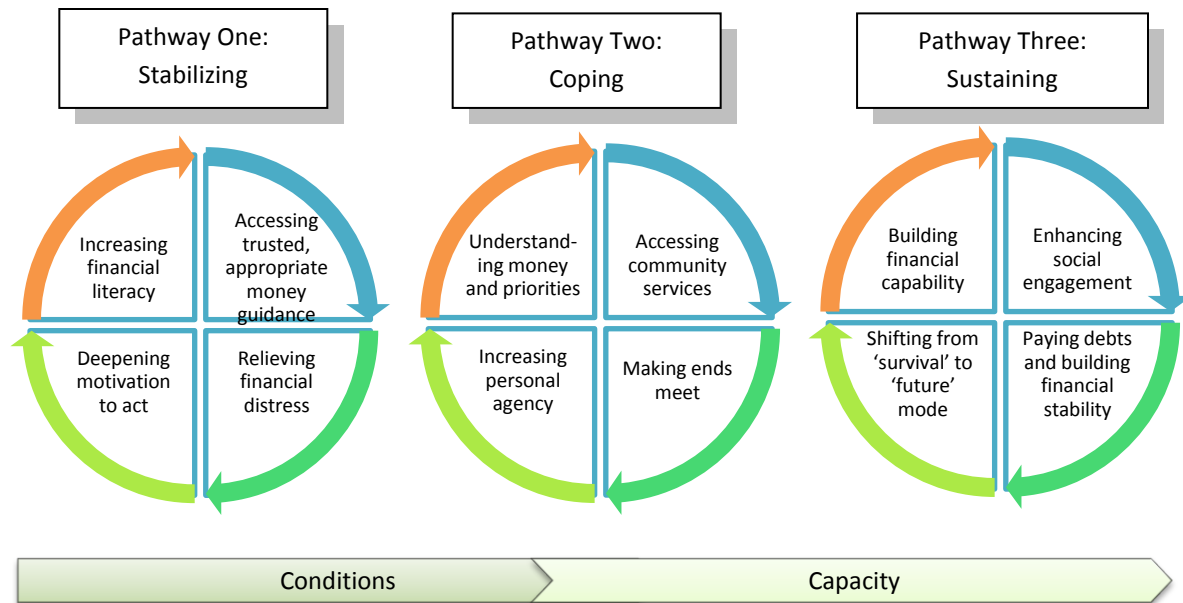
<sup>13</sup> Reference: Data Set 2 (N=112) – Tab 16 – Observed Outcomes. Staff ranked *‘expresses a sense of increased hope, and reduced fear’* in the top three observed outcomes for 23 (20.5%) cases.

<sup>14</sup> Reference: Data Set 2 (N=112) – Tab 16 – Observed Outcomes.

<sup>15</sup> Reference: Data Set 3 (N=78) – Tab 23 – Debt Management.

<sup>16</sup> Social inclusion is about enabling people to fully participate in society, meaning they are recognized by and have a stake in the society in which they live. The Charity Commission. (2001). *The Promotion of Social Inclusion*. <http://www.charitycommission.gov.uk/media/95497/socinc.pdf>.

**Figure A: Promising practices in promoting a foundation of financial security and inclusion**



***FAPS promotes participants' financial capability along three dimensions***

While participants begin to develop basic financial knowledge and skills early on, deeper financial capability develops gradually over time in three core dimensions: (1) improved financial literacy; (2) strengthened money management behaviours; and (3) new attitudes and identity. FAPS can be a transformative experience, re-shaping attitudes and enhancing peoples' confidence, motivation to act, and sense of hope for the future, which all emerge from growing financial skill and knowledge, and the resolution of psychological challenges related to money including fear and stigma.

***FAPS addresses systemic barriers to stability and progress***

An enabling environment that secures the long-term financial interests of people living in poverty is also an important component of the FAPS notion of financial capability. FAPS pursues systemic advocacy to ensure that low-income consumers have access to appropriate financial opportunities and products, and CFWs advocate directly on behalf of participants, facilitating their access to financial and social inclusion.

***Not all participants immediately engage in ongoing work with FAPS***

Participants drive the pace and focus of their work with FAPS. Those that face pressing financial decisions related to their stage of life or circumstances (e.g. parents with school aged children, immigrants and seniors) appear to be more likely to grasp the potential of FAPS' guidance and to engage in a longer-term coaching relationship.



### ***FAPS' short-term issue-based focus may eclipse opportunities to promote longer-term change***

Not all FAPS participants are ready to engage in a longer-term process to sort out their finances and improve their money management capabilities. Many come to FAPS to resolve a specific issue or to deal with tax matters and once that issue is dealt with, they do not immediately continue. FAPS may be over-emphasizing its work on Pathway 1, stabilizing, because of the sheer demand of clients, missing an opportunity to 'hook' the most disadvantaged participants into a more pro-active, long-term work in the other two pathways, coping and sustaining.

### ***Problem-solving practice and role modeling by CFWs promotes changes in participant behaviour and attitudes***

While personal finances are an excellent entry point for engaging participants, it is not so much the focus on money that changes behaviour, but rather the specific combination of the personal, non-judgmental coaching relationship and the practical, adult-learning approach to problem-solving that seem to be most influential. Participants learn by observing and role modeling CFWs, and they receive support for 'trying out' new ideas and behaviours.

### **Conclusion: Why does financial advocacy and problem-solving matter?**

The report offers new evidence of the effects of financial advocacy and problem-solving with people on low income, identifying effective practices, and providing new insight into how participants change as a result of their participation. The overall finding of the evaluation is that FAPS is much more than financial counselling, financial education, or tax filing. While a financial focus is central to the FAPS intervention, the outcomes can be best understood when viewed through a social and economic inclusion lens.

FAPS fills gaps in community-based poverty-reduction strategies. CFWs use finances as an entry point for creating the conditions and capacity for low-income individuals to build a foundation for social and economic inclusion. Onward evaluation of FAPS is recommended to validate these findings, exploring the ongoing working relationship with participants and related outcomes.

While the FAPS intervention is unique in Canada, it is actually a part of a relatively new wave of interventions internationally, which are working to integrate a financial element into broader social inclusion objectives.<sup>17</sup> By enhancing the external conditions for financial stability and promoting participants' capacity for managing their personal affairs, FAPS is building a solid foundation for broader social participation and well-being, which may ultimately result in more successful poverty reduction outcomes. The findings suggest that financial advocacy and problem-solving is an important practice that should be integrated into broader poverty reduction and social inclusion processes.

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<sup>17</sup> See *Backgrounder: Situating FAPS practice and outcomes in the international context*, which offers a brief review of international practices connecting financial capability and financial well-being to social inclusion.

**Figure 2: Pathways of Financial Problem-Solving – An Overview of FAPS Outcomes in Four Asset Areas**

Asset Area → Pathway ↓	Knowledge and skills	Connections and supports	Confidence and identity	Money , entitlements and basic needs
<b>1. Stabilizing</b>	<b>Increased financial literacy</b>	<b>Improved access to reliable, appropriate money guidance</b>	<b>Increased motivation to act</b>	<b>Relief for financial distress</b>
<i>Responding to financial distress</i>	<ul style="list-style-type: none"> <li>Increased access to relevant, quality information and referral</li> <li>Problems and next steps identified</li> <li>Action oriented problem-solving gradually builds practical money knowledge and skills</li> </ul>	<ul style="list-style-type: none"> <li>A trusted money guide becomes an 'anchor' relationship</li> <li>FAPS is seen as a longer-term 'go to' source of help</li> </ul>	<ul style="list-style-type: none"> <li>Increased personal readiness to deal with money and related challenges</li> <li>Immediate reduction of stress</li> </ul>	<ul style="list-style-type: none"> <li>Rapid response to financial distress – e.g. dealing with sponsorship breakdown</li> <li>Income taxes managed and filed</li> <li>Access to income boosting entitlements and basic needs</li> </ul>
<b>2. Coping</b>	<b>Improved understanding one's own money situation and priorities</b>	<b>Increased access to community supports and services</b>	<b>Increasing sense of personal agency</b>	<b>Improved ability to make ends meet</b>
<i>Improving family well-being on a low-income</i>	<ul style="list-style-type: none"> <li>Improved money sense</li> <li>More proactive money management skills and behaviour</li> <li>Increased awareness of money options</li> <li>Onward family and peer learning</li> </ul>	<ul style="list-style-type: none"> <li>Broadened networks connecting to supports and services</li> <li>Positive changes in the family dynamics of money management and decision-making</li> </ul>	<ul style="list-style-type: none"> <li>Increased confidence and self-direction in decision-making</li> <li>Growing self-advocacy and enhanced institutional literacy</li> <li>Deepening feelings of control</li> </ul>	<ul style="list-style-type: none"> <li>Adoption of regular, formal budgeting practice</li> <li>Increased skill in 'stretching' money (e.g. cutting costs and changing consumer behaviours)</li> <li>Increased resilience</li> </ul>
<b>3. Sustaining</b>	<b>Enhanced financial capability</b>	<b>Increased community engagement</b>	<b>Shift from 'survival' mode to 'future' mode</b>	<b>Strengthened financial security</b>
<i>Clearing debts and obligations to support a shift towards longer-term thinking and social/ economic inclusion.</i>	<ul style="list-style-type: none"> <li>Deepening financial management capability</li> <li>Enhanced skills in planning and decision-making</li> </ul>	<ul style="list-style-type: none"> <li>Going back to school, volunteering etc.</li> </ul>	<ul style="list-style-type: none"> <li>Thinking long-term</li> <li>Feeling more hope for the future</li> </ul>	<ul style="list-style-type: none"> <li>Resolution of complex financial issues that create obstacles to financial security</li> <li>Steps taken to manage debt</li> <li>Small increases in savings</li> <li>Early signs of change in banking practices</li> </ul>